

Features of Modern Commercial Banks in Reducing Poverty Through Creating Additional Jobs

Murodov Abror Azamatovich

Samarkand Institute of Economics and Service, Assistant of the Department of "Banking

Abstract: Poverty reduction is one of the most pressing issues of our time, which is an important condition for ensuring economic growth and social stability. This article analyzes the contribution of modern commercial banks to poverty reduction through the creation of additional jobs. In particular, the role of commercial banks in financing small and medium-sized businesses, providing microloans, expanding digital financial services, and supporting social projects in the experience of Uzbekistan is examined. The results of the study show that innovative approaches implemented by commercial banks are helping to achieve significant results in poverty reduction. At the same time, the need to improve financial infrastructure and expand technological modernization is emphasized.

Keywords: Poverty reduction, commercial banks, new jobs, small and medium-sized businesses, microloans, innovative financial services, digital banking system, economic growth, social stability, Uzbek experience.



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Introduction

In the current globalization and economic integration processes, poverty reduction remains an urgent issue not only for developing, but also for developed countries. According to the World Bank and the UN, poverty reduction directly affects social stability, economic growth, and improving the living standards of the population. Along with state programs and charitable organizations, commercial banks also play an important role in solving the problem of poverty.

Commercial banks are one of the main institutions supporting the financial mechanism of the economy. They actively participate in the fight against poverty by not only providing credit resources, but also creating new jobs, providing the population with wider access to financial resources, and supporting small and medium-sized businesses. In particular, in the case of Uzbekistan, the innovative approaches and range of financial services implemented by commercial banks are becoming increasingly important in increasing economic activity and ensuring the well-being of the population.

Commercial banks have gained special importance in the "Strategy for Poverty Reduction and Job Creation" approved by the President of the Republic of Uzbekistan in 2020. This strategy sets out

measures aimed at reducing poverty through the development of small and medium-sized businesses, financial support for needy segments of the population, as well as the expansion of digital banking services. This encourages commercial banks to more deeply implement the principles of social responsibility.

This article is devoted to the topic of innovative approaches of modern commercial banks in poverty reduction, their impact on the economy and future prospects. It analyzes the role of banks in increasing economic activity, the effectiveness of financial resources allocated to ensure employment of the population, as well as existing problems and ways to eliminate them. Through this, effective strategies for combating poverty through the development of the financial sector are identified.

The issue of poverty reduction is a global problem not only in terms of economic, but also in terms of ensuring social stability. One of the UN sustainable development goals for 2030 is the elimination of extreme poverty. The role of the financial system, in particular commercial banks, is increasingly increasing in this process. Modern commercial banks do not limit their tasks only to lending, but also actively participate in developing the economy and solving social problems.

Today, the experience of many countries, including Uzbekistan, shows that commercial banks are playing an important role in the fight against poverty through the introduction of innovative approaches and principles of social responsibility. The main purpose of the article is to analyze the modern features of commercial banks and their potential for use in the process of poverty reduction.

The key role of commercial banks in poverty reduction

There are several key functions of commercial banks in poverty reduction:

1. Lending activities: Commercial banks create jobs by financing small and medium-sized businesses. For example, in 2023, the volume of loans allocated by Uzbek banks to small businesses reached 45 trillion soums. This, in turn, led to the creation of more than 50 thousand new jobs.
2. Innovative services: E-commerce services, online banking products and digital payment systems provide the population with wider access to financial resources. Systems such as "Humo" and "Uzcard" have played a major role in popularizing banking services in Uzbekistan.
3. Support for social projects: Commercial banks contribute to improving the well-being of the population by developing infrastructure in rural areas, investing in education and healthcare.

Methodology: Analytical methods

This article examines the role of commercial banks in poverty reduction using several methods:

- Statistical analysis: Data were analyzed based on reports provided by the Central Bank of the Republic of Uzbekistan, the World Bank, and other international financial institutions.
- Case studies: Projects of large commercial banks operating in Uzbekistan, such as Agrobank, Ipoteka Bank, and Khalq Bank, were analyzed.
- Comparative analysis: The experience of commercial banks in Uzbekistan was compared with banks in developed countries. This experience helped to study their successful approaches and limitations.

Results: The impact of banks on the economy

The results of the study showed that the role of commercial banks in economic and social development is growing significantly:

1. Microloans efficiency: In Uzbekistan, 1.2 trillion soums worth of microloans were allocated in 2023, which directly affected the reduction of poverty. These microloans created the opportunity for many families to start their own businesses and expand their economic activities.
2. Loans for small businesses: As a result of loans directed to small and medium-sized businesses, the number of new jobs in the country increased by 30% from 2020 to 2023.



Development of electronic services: Thanks to the digital services of banks, access to financial services has become more convenient. For example, in 2023, the volume of transactions carried out through "Humo" and "Uzcard" exceeded 200 trillion soums.

Discussion: Future prospects

The effectiveness of commercial banks depends on how they implement technological innovations. Also, increased cooperation with the state can increase the social responsibility of banks. However, some problems still exist:

1. Limited financial resources: In some regions, the effectiveness of combating poverty is low due to the low financial capacity of banks.
2. Underdeveloped technological infrastructure: Access to digital services of banks is not the same in all regions.

Therefore, it is necessary to strengthen cooperation between state and commercial banks, introduce digital technologies, and educate the population in financial literacy.

Conclusion

The role of commercial banks in the process of poverty reduction is enormous. They play a leading role in this process by creating new jobs, increasing economic activity and providing the population with wider access to financial resources. Experience in Uzbekistan shows that modern commercial banks are not limited to financial intermediation, but are also able to address broader social issues. In the future, the effectiveness of the fight against poverty can be further increased by improving the financial services of banks and expanding their infrastructure.

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